Opinion Big tech Lenin’s rope may help tame the dominance of Big Tech

The emergence of small insurgent companies could unleash the next wave of creative destruction JOHN THORNHILL.

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As regulators have recently been discovering, it is tough challenging the dominance of the Big Tech companies Those struggling to curb the power of Big Tech should consider the theory of Vladimir Lenin’s rope. “When it comes time to hang the capitalists, they will vie with each other for the rope contract,” Lenin is supposed to have said (even if there is little evidence that he ever did). As regulators have recently been discovering, it is tough challenging the dominance of the Big Tech companies. Last week, a US federal court struck down two landmark law cases brought against Facebook, arguing the Federal Trade Commission had failed to prove that the social network exercised “monopoly power”. But there remains an argument that, by empowering future competitors with new tools and technologies, the dominant capitalists may be unwittingly selling the rope with which they will eventually be hanged. As is the way of the world, the next generation of technology often solves the problems created by the previous one. Smart innovators invent new ways of doing things that render the old ways obsolete. Who cares about VHS’s dominance of the video cassette market any more? From one perspective, we are right to worry about, and act against, the concentration of corporate economic power. The dominant tech companies enjoy massive network effects, unrivalled data-derived insights into consumer behaviour and torrential cash flow that can be spent on the smartest employees, the most powerful computers and snapping up any uppity upstarts that threaten their business. But from another perspective, these very same platform companies, such as Amazon, Google, Facebook, Apple and Microsoft, are making it easier and cheaper to launch and scale new digital businesses, which may yet stimulate the next wave of creative destruction. Technology is simultaneously concentrating economic power and democratising it. Take the experience of Bret Taylor, a serial entrepreneur who is now Salesforce’s chief operating officer. When Taylor launched his first social networking company FriendFeed in 2007, he built his own server because it was the cheapest thing to do. When he founded his second, a productivity software company called Quip in 2012, he built it all on the cloud, hosted by Amazon Web Services, making the process a lot quicker and cheaper. “The opportunity to build a digital business is easier than it has ever been. The next Silicon Valley is the cloud,” he told me. It is a similar story with software. Until relatively recently, it tended to be the biggest companies employing the highest paid developers who wrote the most sophisticated software. But open source software, freely available on the GitHub platform now owned by Microsoft, and easy-to-use “no code/low code” programs are enabling every company to become a tech company. Anyone with an internet connection can now access these software libraries to create their own services, just like clicking together Lego bricks, says Nadia Eghbal, author of Working in Public, a book on open source software. “We often pit the platforms and the creators against each other. But they are in a symbiotic relationship. Creators are waking up to the realisation that they have a lot of power,” she says. The technology companies are also offering their customers powerful machine learning services, such as Google’s TensorFlow and Facebook’s PyTorch. This week, Microsoft announced the release of a new AI tool called GitHub Copilot to help programmers co-create code. These kinds of platforms have enabled companies to develop their own AI-powered services, such as customer chatbots, that are becoming increasingly ubiquitous. Yet the counter-narrative about the decentralisation of tech only goes so far, says Richard Kramer, founder of Arete, an independent research firm. Kids anywhere can launch a new business using the latest tech tools, but they are still likely to depend on the uncompetitive infrastructure dominated by Big Tech, such as Apple’s and Google’s app stores. “This democratisation of tech story is very seductive until you ask who owns the tools and platforms on which they all rely,” he says. That means we still desperately need regulators to hold the Big Tech companies to account by robustly enforcing existing antitrust rules and rewriting legislation fit for the digital age. But it will take time, resources and political resolve to loosen the grip of the incumbents. In the meantime, we should do everything possible to support the emergence of the insurgents and encourage competition between the tech companies to sell them more rope.

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